

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

**FILED**

01/03/23

02:48 PM

A2103013

January 3, 2023

TO PARTIES OF RECORD IN APPLICATION 21-03-013:

This proceeding was filed on March 25, 2021, and is assigned to Commissioner John Reynolds and Administrative Law Judge (ALJ) Susan F. Lee. This is the decision of the Presiding Officer, ALJ Lee.

Any party to this adjudicatory proceeding may file and serve an Appeal of the Presiding Officer's Decision within 30 days of the date of issuance (*i.e.*, the date of mailing) of this decision. In addition, any Commissioner may request review of the Presiding Officer's Decision by filing and serving a Request for Review within 30 days of the date of issuance.

Appeals and Requests for Review must set forth specifically the grounds on which the appellant or requestor believes the Presiding Officer's Decision to be unlawful or erroneous. The purpose of an Appeal or Request for Review is to alert the Commission to a potential error, so that the error may be corrected expeditiously by the Commission. Vague assertions as to the record or the law, without citation, may be accorded little weight.

Appeals and Requests for Review must be served on all parties and accompanied by a certificate of service. Any party may file and serve a Response to an Appeal or Request for Review no later than 15 days after the date the Appeal or Request for Review was filed. In cases of multiple Appeals or Requests for Review, the Response may be to all such filings and may be filed 15 days after the last such Appeal or Request for Review was filed. Replies to Responses are not permitted. (*See*, generally, Rule 14.4 of the Commission's Rules of Practice and Procedure at www.cpuc.ca.gov.)

If no Appeal or Request for Review is filed within 30 days of the date of issuance of the Presiding Officer's Decision, the decision shall become the decision of the Commission. In this event, the Commission will designate a decision number and advise the parties by letter that the Presiding Officer's Decision has become the Commission's decision.

/s/ MICHELLE COOKE

Michelle Cooke

Acting Chief Administrative Law Judge

MLC:jnf

Attachment

ALJ/POD-SNE/jnf

Decision **PRESIDING OFFICER'S DECISION OF ALJ LEE**
(Mailed 1/3/2023)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Joint Application
of GTCR Onvoy Holdings, LLC,
Transferor, Onvoy, LLC (U6487C),
Broadvox-CLEC, LLC (U7160C), ANPI
Business, LLC (U6418C), ANPI, LLC
(U5795C), Neutral Tandem-California,
LLC (U6877C), Licensees, And Sinch
US Holding Inc., Transferee, for
Approval to Transfer Indirect Control
of Licensees to Transferee Pursuant to
California Public Utilities Code
Section 854(a).

Application 21-03-013

**PRESIDING OFFICER'S DECISION ASSESSING A PENALTY
OF \$25,000 FOR VIOLATION OF CALIFORNIA
PUBLIC UTILITIES CODE SECTION 854(a)**

Summary

This decision finds that GTCR Onvoy Holdings, LLC, and its Licensees Onvoy, LLC (U6487C), Broadvox-CLEC, LLC (U7160C), ANPI Business, LLC (U6418C), ANPI, LLC (U5795C), Neutral Tandem-California, LLC (U6877C), and Sinch US Holding Inc, did not afford the respect due to the regulatory process of the California Public Utilities Commission by knowingly acting contrary to

Public Utilities Code § 854(a). For this violation, the Commission assesses a penalty of \$25,000.

This decision closes the proceeding.

1. Factual and Procedural Background

1.1. Factual Background

GTCR Onvoy Holdings, LLC, (Transferor) its five licensees, Onvoy, LLC, Broadvox-CLEC, LLC, ANPI Business, LLC, ANPI, LLC, Neutral Tandem-California, LLC (Licensees), and Sinch US Holding Inc. (Transferee), (collectively Respondents)¹ filed Application (Application) 21-03-013 with the California Public Utilities Commission (Commission) on March 25, 2021.

On February 16, 2021, five weeks before filing the Application, the Respondents agreed to a stock purchase in which the Transferee would acquire all the issued and outstanding shares of common stock of Transferor (the Transaction).² In a February 17, 2021 press release, Sinch AB, parent company of Transferee, announced to its shareholders that “it expects the Transaction to close in the second half of 2021.”³

Upon filing the Application, Respondents began the extensive internal processes required to close and integrate operations within nine months of filing.⁴ The Application requested “*ex parte*” relief,⁵ but Respondents did not file

¹ This penalty phase of the proceeding is adjudicatory, and the Joint Applicants will be referred to as Respondents. In the ratesetting phase, the parties were referred to as Joint Applicants.

² Application at 9.

³ Joint Applicants Notice of Consummation of Transaction, Letter Regarding Closing at 3, footnote 12, December 9, 2021.

⁴ Joint Applicants’ Motion Requesting Status Conference at 4, March 25, 2021.

⁵ Application at 4-5.

the proper motion or follow the regulated procedure for an expedited schedule under Rule 2.9 of the Commission's Rules of Practice and Procedure (Rules).⁶

During the prehearing conference (PHC) on June 28, 2021, Respondents informed the assigned Administrative Law Judge (ALJ) that they anticipated "all federal approvals will be approved by the fourth quarter of this year," and that "the remaining state approvals, other than California" would be granted by October.⁷ Respondents clarified that based on their experience in California, California would take longer than the other state regulators to issue a decision.⁸ Respondents then warned the Commission that "[d]elay in the regulatory process risks creating uncertainty and competitive harm, along with potentially creating increased transaction expenses and preventing the customers of a combined companies from promptly realizing the benefits they expect from the transaction."⁹ The ALJ informed Respondents that a final decision would likely not be adopted according to Respondents' ambitious deadline.¹⁰

On October 21, 2021, Respondents urged the Commission to take action, requesting that the Commission consider the Application during the voting meeting scheduled for November 4, 2021, but no later than the voting meeting on November 18, 2021.¹¹ Respondents cited no legal authority for this request. The Commission did not consider the Application during either Commission meeting scheduled in November.

⁶ California Code of Regulations, Title 20, Division 1, Chapter 1; hereinafter, Rule or Rules.

⁷ PHC Joint Prepared Statement, Attachment 2 at 1-2, June 28, 2021; PHC Transcript at 7-8:27-6.

⁸ *Ibid.*

⁹ *Ibid.*

¹⁰ PHC Transcript at 16:19-23.

¹¹ Supp. Resp to ALJ's Request for Additional Information at 3, October 21, 2021.

On December 6, 2021, Respondents noted that the Application was not listed on the final 2021 Commission meeting agenda for December 18, 2021, and “concluded that they had no option but to move forward to close the [T]ransaction.”¹² On December 9, 2021, without approval of the Commission, the Respondents closed the Transaction, transferring indirect control of Licensees, in violation of Public Utilities (Pub. Util.) Code § 854(a).¹³ Respondents justified the closing since “[p]ostponing completion of the Transaction due to this Commission’s ongoing process, especially with no scheduled consideration date in sight, would impose additional incremental costs and uncertainty on Sinch AB’s [Transferee’s] worldwide operations that would be grossly disproportionate to the scope of its regulated operations in California.”¹⁴

Respondents further elaborated that the Transaction closing was due to business uncertainty and expenses.¹⁵ On behalf of Respondents, the General Counsel and Secretary for the Transferor “regret having to proceed with the transaction without approval.”¹⁶

Respondents proposed that a modest penalty would be appropriate.¹⁷ The assigned ALJ disagreed and ordered the Respondents to show why they should not be penalized \$25,000 for violating Pub. Util. Code § 854(a).¹⁸ The Respondents then stipulated to a \$25,000 penalty and accepted a finding that

¹² Joint Applicants’ Motion Requesting Status Conference at 4, March 25, 2022.

¹³ See Joint Applicants Notice of Consummation of Transaction, December 9, 2021.

¹⁴ Joint Applicants Notice of Consummation of Transaction, Attachment A, at 3.

¹⁵ Joint Applicants’ Motion Requesting Status Conference at 4, March 25, 2022.

¹⁶ *Ibid.* at 8, March 25, 2022.

¹⁷ Joint Applicants’ Response to Assigned Commissioner’s and ALJ Ruling Issuing OSC at 17, April 29, 2022.

¹⁸ E-Mail Ruling Placing Order To Show Cause On Hearing Calendar at 3, May 25, 2022.

their actions in consummating the transaction transferring indirect control of Licensees prior to Commission approval did not afford the respect due to the Commission's regulatory process.¹⁹

There is no evidence of a prior violation by any of the Respondents.

1.2. Procedural Background

No protest or response was filed to the Application. The PHC was held on June 28, 2021. The assigned Commissioner issued a Scoping Memo and Ruling (Scoping Memo) on August 6, 2021. The Application was categorized as a ratesetting proceeding.

The assigned ALJ issued rulings requesting additional information or an amendment to the Application on September 2, 2021, September 20, 2021, and October 13, 2021, and a procedural communication on September 29, 2021 due to the lack of required information necessary for Commission approval. The Respondents filed responses on September 10, 2021, September 23, 2021, October 5, 2021, October 14, 2021, and October 21, 2021.

On December 9, 2021, Respondents knowingly violated Pub. Util. Code § 854(a) by transferring indirect control of Licensees prior to receiving Commission approval. On December 17, 2021, the ALJ issued a ruling ordering more information on the consummation of the Transaction transferring control. As a result of Respondents acting without Commission approval, the ALJ and Commissioner commenced a penalty phase in the proceeding, and suspended the application approval process.

On March 25, 2022, Respondents filed a motion for a status conference and requested that the proceeding be bifurcated so that the transfer of control of

¹⁹ Joint Applicants' Response to Administrative Law Judge's Ruling on Respondents' Motion And Setting Order To Show Cause Hearing For July 25, 2022 at 2, July 15, 2022.

Licensees may be finalized. On April 14, 2022, the ALJ denied Respondents' request since one of the remedies available to the Commission for violating Pub. Util. Code § 854 is to void the transfer.

An Order to Show Cause (OSC) hearing was scheduled²⁰ for the Commission to determine if Respondents should be held in contempt, fined or penalized under Rule 1.1, Pub. Util. Code §§ 2107, 2108, and 2111.

On May 25, 2022, the ALJ ordered Respondents to file a prehearing OSC statement addressing why the Respondents should: 1) not be held in contempt and 2) not be fined \$25,000 for consummating the transaction transferring indirect control of Licensees holding certificates of public convenience and necessity in California prior to Commission approval.

On June 17, 2022, the Respondents filed a motion stipulating to a \$25,000 penalty in lieu of participating in the OSC hearing. Respondents also requested that a ruling issue in seven days and that the application be treated expeditiously, citing no legal authority. Lastly, Respondents requested that they not be held in contempt for violating the Commission's rules and procedures. The ALJ denied the motion and directed the Respondents to file a response as to whether the Respondents agreed to a \$25,000 penalty *and* to accept a finding that their actions in consummating the Transaction transferring indirect control of Licensees prior to Commission approval did not afford the respect due to the Commission's regulatory process. The Respondents filed a response on July 15, 2022, stipulating to these terms, rendering the OSC hearing unnecessary.

²⁰ The first OSC hearing on May 22 2022, was taken off calendar in order for the Respondents to attend voluntary alternative dispute resolution (ADR). The ADR coordinator rejected Respondents' participation as unsuitable for ADR, and the OSC hearing was rescheduled for July 25, 2022.

On November 17, 2022, the Commission voted to approve the transfer of control prospectively from Transferor to Transferee as proposed in the Application in Decision (D.) 22-11-027.

2. Jurisdiction

Pub. Util. Code §§ 851 *et seq.*²¹ provides the Commission with broad authority to approve transfers of direct or indirect control which involve public utilities operating within California. Pub. Util. Code § 854(a), the statute in which Respondents seek approval for their Application, states:

A person or corporation, whether or not organized under the laws of this state, shall not directly or indirectly merge, acquire, or control, including pursuant to a change in control as described in subparagraphs (D) or (E) of paragraph (1) of subdivision (b) of Section 854.2, any public utility organized and doing business in this state without first securing authorization to do so from the commission. The commission may establish, by order or rule, the definitions of what constitutes a merger, acquisition, or control activity that is subject to this section.

Any public utility that violates or fails to comply with any Commission order, decision, decree, rule, direction, demand or requirement is subject to a monetary penalty under Pub Util. Code § 2107.

After the transfer of indirect control is approved and completed, the Commission will retain the same regulatory authority over the Applicants that it currently possesses. Therefore, the Respondents continue to be subject to the Commission's jurisdiction during the penalty assessment phase of this proceeding if the Application is approved.

²¹ Sections 854(b) and 854(c) are not applicable to this Application. None of the Applicants have gross intrastate revenues exceeding \$500 million. (*See* Application at 12).

3. The \$25,000 Penalty Is Reasonable

Respondents failed to comply with Pub. Util. § 854(a) by knowingly consummating the Transaction without Commission authorization. The Commission has had a policy of imposing penalties for violations of § 854 since 2000.²² Violations of § 854(a) are subject to monetary fines as a penalty under Pub. Util. Code § 2107, which provides for a penalty of not less than \$500 and not more than \$100,000 for each offense when a utility “fails or neglects to comply with any part of provision of any order, decision, decree, rule, direction, and demand or requirement of the Commission.”

Respondents failed to comply with Pub. Util. Code § 854(a) by finalizing the stock purchase agreement before the Commission approved the Application for indirect transfer of control of Licensees. Respondents have stipulated to a penalty of \$25,000 and a finding that their actions in consummating the Transaction transferring indirect control did not afford the respect due to the Commission’s regulatory process.

When evaluating a penalty, the Commission applies five factors adopted in D.98-12-075: 1) the severity of the offense, 2) the conduct of the utility, 3) the totality of the circumstances, 4) the financial resources of the utility, and 5) the role of precedent.

3.1 The Severity of the Offense

A penalty should be proportionate to the severity of the offense.²³ When analyzing the gravity, the Commission will consider the physical harm, economic harm, and harm to the regulatory process.²⁴

²² See D.00-09-035 and D.00-12-053.

²³ See D.98-12-075.

²⁴ *Ibid.*

There is no evidence that any physical or economic harm took place as a result of the early consummation of the Transaction by Respondents. Here, the primary factor for the Commission to consider is the severity of the harm Respondents caused to the Commission's regulatory process.

It is undisputed that Respondents violated the Commission's statutory authority. Respect due to the Commission was not maintained when counsel appearing before the Commission knowingly committed an act in direct violation of the Pub. Utilities Code in which Respondents seek approval upon. Respondents acted in a calculated manner, setting a nine-month timeline for the Commission to meet. They ignored the ALJ's admonition during the PHC that it is unlikely the proposed timeline in the application would be met. Respondents disregarded the Commission's regulatory process to ensure their financial interests would not be harmed. The Respondents believed "the overall benefits of the transaction to customers nationwide, as well as investors, justified proceeding ahead of Commission approval."²⁵

We disagree. Prioritizing the Respondents' own financial gains and investor benefits over the regulatory requirements of the Commission flouts the Commission's statutory authority and justifies a significant penalty. The knowing violation of Pub. Util. Code § 854 degraded California's regulatory process rendering the offense severe, deserving a high monetary penalty.

3.2 Conduct of the Utility

The size of a penalty should reflect the conduct of the utility.²⁶ When assessing the conduct of the utility, the Commission considers the utility's

²⁵ Joint Applicants' Pre-Hearing Order to Show Cause Statement at 3, June 30, 2022.

²⁶ See D.98-12-075.

actions to prevent a violation, its actions to detect a violation, and its actions to disclose and rectify a violation.²⁷

Utilities are expected to promptly bring a violation to the Commission's attention. Upon violating Pub. Util. Code § 854, the Respondents notified the assigned ALJ promptly, but only after concerted deliberations to disregard California's regulatory process. Utilities are also expected to monitor their actions. Respondents disregarded Commission process and failed to recognize their own shortcomings. Roshan Saldanha, Chief Financial Officer of Transferee, states, "under the assumption the transaction could close as early as November 2021, Sinch began extensive internal processes required to prepare for the closing and integration of the operations of the Licensees and Transferee by that date."²⁸ This assumption disregarded Commission authority and processes and procedures under Pub. Util. Code §§ 1701 *et. seq.* Actions stemming from the assumption demonstrate the impermissible weighing of the utility's economic interest against compliance with California law.²⁹ Respondents "determined that the level of marketplace uncertainty *was so detrimental* (emphasis added)" that they could not wait for Commission approval.³⁰

Throughout this proceeding, Respondents requested that the Commission take expedited action, yet did not file the proper request under Rule 2.9. Respondents imposed their own timeline on the Commission when Sinch US promised its shareholders that the stock purchase agreement would be finalized

²⁷ See D.98-12-075, 1998 Cal. PUC LEXIS 1016, *71 - *73.

²⁸ Declaration of Roshan Saldanha, Response at 26, April 13, 2022.

²⁹ See D.14-06-004 at 12.

³⁰ Joint Applicants' Pre-Hearing Order to Show Cause Statement at 6, June 30, 2022.

by “H2 2021.”³¹ The closing period of the Transaction was anticipated by Respondents and shared with investors five weeks before the Application for approval was filed with the Commission.³² The Application did not include the information necessary for approval, necessitating four communications by the ALJ to gather more information, including a ruling instructing Respondents to amend the Application to correct errors. After failing to file a request for expedited schedule under Rule 2.9, Respondents continued to press the Commission for a speedy resolution, citing no legal authority. Most disappointing is the repeated requests for expeditious treatment were unsupported by any necessity to avoid ratepayer harm, but to avoid “creating uncertainty and competitive harm”³³ or “extreme level[s] of business uncertainty and expense of maintaining the two companies on a separate basis”³⁴ or “additional incremental costs and uncertainty on the combined company’s operations”³⁵ or “significant amounts in expenses and other costs pending the consummation of this Transaction.”³⁶ Respondents placed their own financial soundness before California’s regulatory process.

The Respondents knew they would violate Pub. Util. Code § 854(a) upon closing of the Transaction yet continued to move forward. By informing their

³¹ See Press Release <https://investors.sinch.com/news-releases/news-release-details/sinch-acquisition-inteliquent>, February 17, 2021.

³² Joint Applicants Motion on Consummation of Transaction, Letter Regarding Closing, citing February 17, 2021 Press Release in footnote 12, December 9, 2021.

³³ PHC Transcript at 7-8:27-6.

³⁴ Joint Applicants’ Motion Request Status Conference at 4, March 25, 2022.

³⁵ Response to Administrative Law Judge Email Ruling Ordering Information at 4, January 3, 2022.

³⁶ Joint Applicants Notice of Consummation of Transaction, Letter Regarding Closing at 3, December 9, 2021.

investors they would close by the “fourth quarter” of 2021,³⁷ the violation did not occur by happenstance. While we find the notification of the violation to the Commission to be immediate, it does not remedy the joint acknowledgment that Respondents knew, at a high level, that closing the Transaction would violate Commission regulations. This shows a failure by Respondents to be diligent in maintaining compliance and conduct that acts adversely to the goals of the Commission. We find the conduct of the utility to be egregious and supportive of a \$25,000 penalty.

3.3 Totality of the Circumstances

A penalty should also be tailored to the unique facts of each case. When assessing the unique facts of each case, the Commission considers the degree of wrongdoing and the public interest.³⁸

The facts of this case indicate that the degree of wrongdoing was serious and studied. The Respondents created a nine-month scheme to close the Transaction, regardless of whether they were granted Commission approval. They did not file an application for an expedited schedule, yet insisted that the Commission speedily approve the Application, well ahead of the 18-month statutory deadline.³⁹ Respondents were represented by experienced legal counsel who filed contemporaneous applications in multiple states and with the Federal Communications Commission,⁴⁰ yet Respondents did not file an accurate and complete application with California. Respondents failed to file an application

³⁷ PHC Transcript at 15:11-13.

³⁸ D.98-12-075, at 76.

³⁹ See Pub. Util. Code § 1701.5(a).

⁴⁰ Joint Applicants’ Response to assigned Commissioner’s and Administrative Law Judge Ruling Issuing Order To Show Cause at 3, April 13, 2022. Joint Applicants’ Motion Requesting Status Conference at 3-4, March 25, 2022.

suitable for approval and sufficiently in advance of a self-imposed deadline to obtain prior Commission approval before transfer.

Respondents predicted that California would not return a decision quickly.⁴¹ When a decision did not arrive on their timeline, Respondents made a calculated choice to disregard California's regulatory role. Respondents claimed that the cost of waiting for Commission approval would be "grossly disproportionate to the scope of Respondents' operations in California."⁴² Respondents' actions displayed a disregard for California's regulatory process and minimized the authority of the Commission.

The public interest requires upholding the statutory framework created to protect the public. The Commission is charged with ensuring that when there is a change in the ownership or control of a utility, the new owner maintains a qualified workforce in order to continue safe and reliable service to California customers. Respondents obstructed the Commission from discharging its duty and prioritized their own financial interests over the public interest. We find these facts to indicate that Respondents' violation of Pub. Util. Code § 854(a) has significantly harmed the public interest by being calculated and deliberate.

Based on the totality of circumstances, we conclude that the Respondents' actions harmed the public interest and the Commission's regulatory process, requiring a significant penalty, and that the assessment of a \$25,000 monetary fine is tailored to the unique facts in this proceeding.

⁴¹ PHC Transcript at 14-15.

⁴² Joint Applicants Notice of Consummation of Transaction, Letter Regarding Closing at 3, December 9, 2021.

3.4 The Financial Resources of the Utility

The size of a penalty should reflect the financial resources of the utility. When assessing the financial resources of the utility, the Commission considers the following factors:

- Need for deterrence: penalties should be set at a level that deters future violations. Effective deterrence requires that the Commission recognize the financial resources of the utility in setting a fine.
- Constitutional limitations on excessive penalties: The Commission will adjust the size of fines to achieve the objective of deterrence, without becoming excessive, based on each utility's financial resources.⁴³

Respondents have stipulated to a \$25,000 penalty.⁴⁴ Transferee demonstrated in its Application that it has access to \$100,000 cash or cash equivalent to meet any carrier deposits of Licensees.⁴⁵ Respondents neither indicate any financial hardship nor adverse impact on their ability to continue to provide services to their customers. We find that the amount is not excessive and will achieve deterrence.

3.5 Role of Precedent

The purpose of Pub. Util. Code § 854(a) is to protect the public interest by enabling the Commission, before any transfer of control takes place, to review the proposed transfer and take such action as the public interest may require.⁴⁶ In D.00-12-053, the Commission held that its precedent of meting out lenient treatment to those who violate § 854(a) had failed to deter additional violations

⁴³ D.98-12-075, at 75-76.

⁴⁴ Joint Applicants' Expedited and Unopposed Motion Stipulating to \$25,000 Penalty in Lieu of Hearings and Expeditious Approval of Application at 2, June 17, 2022.

⁴⁵ Application at 10.

⁴⁶ 23 San Jose Water Company (1916) 10 CRC 56.

and stated a policy of imposing fines for violations of § 854(a) to deter future violations. In D.14-06-004, the Commission fined the utility \$130,000 for violating Pub. Util. Code § 854(a). We have held that some proceedings involving violations of Pub. Util. Code § 854(a) may set modest fines of \$5,000, but a modest fine is only appropriate when the violation is less serious than it is here. Respondents' actions are distinguishable from other modest penalties because Respondents acted deliberately, over time, to commit an act in direct violation of a Commission statute.

The Respondents have accepted a \$25,000 penalty for their violation of Pub. Util. Code § 854(a). The \$25,000 fine we impose today reflects the severity of the offense and will deter future violations of Pub. Util. Code § 854(a) by the Respondents and other applicants who must seek authorization from the Commission. We find that this sum is supported by Commission precedent and shall serve as a deterrent to the Respondents and others in the future.

4. Assignment of Proceeding

John Reynolds is the assigned Commissioner and Susan F. Lee is the assigned Administrative Law Judge and Presiding Officer in this proceeding.

Findings of Fact

1. Respondents filed a joint application with the Commission for approval to transfer indirect control of Licensees from Transferor to Transferee pursuant to California Public Utilities Code § 854(a) on March 25, 2021. Indirect control would occur when the stock purchase agreement between Transferor and Transferee was finalized.

2. Transferee informed its shareholders five weeks before filing the application with the Commission that the stock purchase agreement would be finalized by the end of 2021.

3. The joint application, when filed before the Commission, contained material errors and lacked the information necessary for approval.

4. Respondents requested expedited approval of the application without following proper Commission rules and procedure.

5. Respondents requested the Commission return a decision by November 18, 2021 to decrease business costs, expenses and uncertainty.

6. The Stock Purchase Agreement Transaction transferring control of Licensees was consummated on December 9, 2021 prior to Commission approval.

7. Respondents calculated that their regulated operations in California were small and concluded that the incremental costs from postponing the Transaction to wait for California's approval would have been grossly disproportionate to the scope of the operations in California.

8. Respondents deliberated the consequences and knowingly violated Pub. Util. Code § 854(a).

9. Respondents notified the Commission of the violation immediately.

10. Respondents' violation of Pub. Util. Code § 854(a) harmed the public interest and the Commission's regulatory process.

11. Respondents stipulate to a \$25,000 penalty for the violation.

12. Respondents' conduct in consummating the transaction transferring control of the Licensees prior to Commission approval did not provide due respect to the Commission's regulatory process.

Conclusions of Law

1. It is reasonable to conclude that the severity of the violation, conduct of the Respondents and the totality of circumstances surrounding the violation have harmed the public interest and Commission's regulatory process.

2. It is reasonable to conclude that Respondents' knowing violation of Pub. Util. Code § 854(a) is severe, justifying a significant penalty under Pub. Util. Code § 2107.

3. It is reasonable to conclude that the \$25,000 stipulated penalty will act as an effective deterrent to Respondents and future applicants, will not impact Respondent's ability to continue to provide services to their customers, and should be approved.

4. It is reasonable to conclude that Commission precedent supports assessing a \$25,000 penalty.

5. This proceeding should be closed.

O R D E R

IT IS ORDERED that:

1. Pursuant to Public Utilities (Pub. Util.) Code § 2107, for their violation of Pub. Util. Code § 854(a), the California Public Utilities Commission assesses a penalty of \$25,000 on GTCR Onvoy Holdings, LLC, the five licensees, Onvoy, LLC (U6487C), Broadvox-CLEC, LLC (U7160C), ANPI Business, LLC (U6418C), ANPI, LLC (U5795C), Neutral Tandem-California, LLC (U6877C), and Sinch US Holding, Inc., to be paid by check or money order, payable to the California Public Utilities Commission, and mailed or delivered to the Commission's Fiscal Office at 505 Van Ness Avenue, Room 3000, San Francisco, CA 94102, within 30 days of the effective date of this order. Write on the face of the check or money order "For Deposit to the General Fund per Decision 23-01-XXX."

2. Application 21-03-013 is closed.

This order is effective today.

Dated _____, at San Francisco, California.